

Earnings, Financial Position and Assets and Liabilities

REVENUE AND EARNINGS PERFORMANCE

The Group

Changes in portfolio and reporting

In financial year 2007, our portfolio changed as follows:

- On 10 January 2007, our Group subsidiary Williams Lea acquired 100% of the shares of the UK company The Stationery Office Holdings Ltd.
- On 8 June 2007, we acquired a 49% shareholding in the US-American air freight company ASTAR Air Cargo Holdings LLC; this has been included in full in the consolidated financial statements.
- On 25 June 2007, we acquired 49% of the share capital of the US-American company Polar Air Cargo Worldwide, Inc.; the company has been included as an associate in the consolidated financial statements.
- On 31 December 2007, we purchased all shares in the Israeli company FC (Flying Cargo) International Transportation Ltd., Tel Aviv.
- The waste management company Vfw AG was sold effective 2 March 2007.
- The Deutsche Postbank Group dissolved and deconsolidated the special funds of BHW Bausparkasse AG as at 31 August 2007.
- BHW Lebensversicherung AG, including its special funds, and the 50% holding in PB Versicherung AG and PB Lebensversicherung AG were sold as at 30 September 2007.
- On 1 October 2007, the Dutch Dedicated Distribution Service B.V. and the Belgian Van Osselaer-Pieters Colli Service B.V.B.A. were sold to Österreichische Post AG.

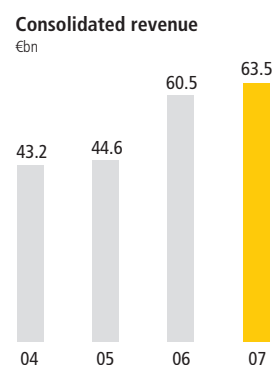
The prior-year figures have been adjusted to reflect the following changes in segmentation: At the beginning of 2007, we removed the parcel business in Germany from the EXPRESS Division and transferred it to the MAIL Division. The year before we had already transferred the European overland transport business from the EXPRESS Division to the LOGISTICS Division. Details of these changes can be found in

i Segment reporting disclosures.

Consolidated revenue up again

Consolidated revenue and income from banking transactions rose by 4.9% to €63,512 million (previous year: €60,545 million). The increase was mainly driven by the contract with the National Health Service (NHS) in the LOGISTICS Division, which took effect on 1 October 2006, and the good performance of Postbank. The share of revenue generated outside Germany continued to grow and now accounts for 60.6% of total revenue (previous year: 59.0%). Negative currency effects reduced consolidated revenue by €1,197 million.

i Note 8



Income and expense

Other operating income declined by €235 million to €2,586 million, due mainly to the one-time factors contained in the prior-year figure: €276 million from exercising the exchangeable bond on Deutsche Postbank shares, net income of €89 million from the positive outcome of the arbitration proceedings against Deutsche Telekom and €10 million from the disposal of McPaper AG. A further €64 million from the sale of shares in the Czech building society Modra Pyramida were compensated for by various smaller non-recurring effects at Postbank. In the year under review, we recorded income of €59 million from the sale of Vfw AG and net non-recurring effects of €–25 million at Postbank. These mainly comprise the gain on the disposal of Postbank's insurance equity investments of €391 million, provisioning in the investment portfolio in the amount of €183 million and impairment losses of €112 million in connection with the sub-prime crisis, as well as extraordinary effects in administrative expenses and non-recurring effects in net interest income.

Materials expense and expenses from banking transactions rose in line with the increase in revenue from €34,349 million to €36,875 million in total. Materials expense rose to €30,488 million (previous year: €28,641 million), expenses from banking transactions rose to €6,387 million (previous year: €5,708 million). Materials expense also includes higher expenses for the NHS contract.

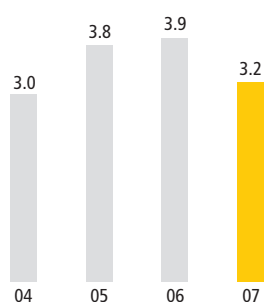
Staff costs dropped slightly by 0.8% to €18,471 million, due in part to a reduction in pension expenses.

Depreciation, amortisation and impairment losses increased by €586 million to €2,357 million (previous year: €1,771 million), primarily due to impairment losses recorded on non-current assets in the Americas EXPRESS business as a result of impairment testing.

📌 Note 14

At €5,193 million, 📌 other operating expenses were up €435 million on the previous year. The increase stems from a series of smaller factors.

Consolidated EBIT
€bn



EBIT before non-recurring effects improved

The developments presented above generated profit from operating activities (EBIT) of €3,202 million. This figure contains non-recurring income of €59 million and net non-recurring effects of €–25 million at Postbank as well as a €594 million impairment loss on the assets of the EXPRESS business in the Americas region. The prior-year earnings figure contained non-recurring income of €375 million. Adjusted for these factors, profit improved by 7.6%.

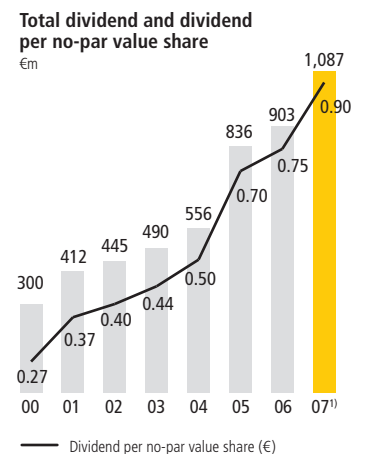
Net finance costs closed at €1,010 million, a slight improvement on the previous year (€1,030 million). In 2006, interest and measurement effects from the exchangeable bond on Postbank shares was responsible for the higher figure, whilst in the period under review it was higher interest rates that drove up finance costs.

Profit before income taxes fell by €650 million to €2,192 million. Income taxes dropped to €307 million (previous year: €560 million). This reflects the lowering of the tax rate in the wake of the corporate tax reform in Germany. As a result, the Group tax rate dropped from 19.7% to 14.0%.

Consolidated net profit for the period decreased by €397 million to €1,885 million (previous year: €2,282 million). An amount of €1,389 million is attributable to shareholders of Deutsche Post AG and €496 million to minority shareholders. Both the basic and diluted earnings per share fell from €1.60 to €1.15.

Dividend increases by 20%

The Board of Management will propose the payment of a dividend per share of €0.90 at the Annual General Meeting on 6 May 2008. This represents an increase of 20% compared with the previous year. The total dividend will therefore amount to €1,087 million. The payout ratio in relation to Deutsche Post AG's net profit for the year will thus increase from 71.5% to 81.2%. In relation to the consolidated net profit attributable to Deutsche Post AG shareholders, it amounts to 78.2% (previous year: 47.1%). Based on the share price as at 31 December 2007, the net dividend yield is therefore 3.8%. The dividend will be disbursed on 7 May 2008 and, as in previous years, is tax-free for shareholders resident in Germany.



1) Proposal.